KENTUCKY HEALTH BENEFIT EXCHANGE ADVISORY BOARD

NAVIGATOR/AGENT SUBCOMMITTEE

Meeting Minutes

October 18, 2012

Call to Order and Roll Call
The third meeting of the Navigator/Agent Subcommittee was held on Thursday, October 2012, at 1:34 p.m. in the Small Conference Room at the Office of the Kentucky Health Benefit Exchange. Marcus Woodward, Chair, called the meeting to order at 1:30 p.m., and the secretary called the roll.

Subcommittee Members Present: Marcus Woodward, Chair; George "Chip" Atkins, III, Andrea Bennett, Carl Felix, Josie Hollon, John Kiebler, Jim Lawless, Jodi Mitchell, Don Mucci (by phone), and Tihisha Rawlins.

Staff Present: Carrie Banahan, Reina Diaz-Dempsey, Miriam Fordham, Wanda Fowler, Kris Hayslett, Bill Nold, Brenda Parker, Melea Rivera, Gary Smith, and D. J. Wasson.

Approval of Minutes
A motion was made to accept the minutes of the October 11, 2012, meeting as amended, seconded, and approved by voice vote.

Discussion of National Academy for State Health Policy (NASHP) Conference
Bill Nold, Deputy Executive Director, Office of the Kentucky Health Benefit Exchange, briefed the subcommittee members on information gathered at the NASHP conference. Kentucky staff had the opportunity to meet with officials from the Arkansas In-Person Assister program and the Exchange Blueprint review staff at the federal Center for Consumer Information and Insurance Oversight (CCIIO) at the Centers for Medicare and Medicaid Services (CMS). Kentucky has been recognized as one the states leading in the implementation of a state-based Exchange.

Update on Design Review
Mr. Nold discussed the draft of the implementation plan for Navigators, In-Person Assisters, agents, and web brokers, Blueprint Items 2.6 through 2.9, to be presented at the upcoming Design Review at the end of October 2012. Mr. Nold stated that Kentucky is in good shape to explain to CMS Kentucky's implementation process regarding each of these Blueprint sections.

As part of the implementation plan, the Office of the Kentucky Health Benefit Exchange plans to file the Navigator/Agent administrative regulation by February 1, 2013. Bill Nold stated that the Subcommittee will have input on the Navigator/Agent administrative regulation that will have to be promulgated. Mr. Nold and D.J. Wasson, Department of Insurance, explained the administrative regulation process for members.

Members discussed issues related to the draft implementation plan including funding and the timeframe for implementing the Navigator program, and the basic approach to the In-Person Assister program. In response to a question, Carrie Banahan, Executive Director, Office of the Kentucky Health Benefit Exchange, stated that no federal funds may be used for Navigators. Mr. Nold stated that there is recognition and discussion among national organizations about the different skill sets that will be needed for Navigators serving individuals versus small employers. Navigators will have to be trained to serve both individuals and small employers, and there may be specialty Navigators. Members discussed the entities that may potentially serve as Navigators.

Ms. Banahan stated that the In-Person Assister program is federally funded until 2014 and could fill the hole until the Navigator program begins. The Exchange plans to include a request for funds for In-Person Assisters for 2013 in its Level II grant application to be submitted on November 15, 2012. In response to questions, Mr. Nold stated that staff from the Arkansas In-Person Assister program indicated that conflict of interest provisions that apply to Navigators would also apply to In-Person Assisters.

Audit of Existing Community Assets and In-Person Assisters

Mr. Nold stated that the Exchange is continuing to study the issue of In-Person Assisters and considering entities that may serve as In-Person Assisters. The subcommittee will continue discussion of the issue at its future meetings.

Training and Certification of Navigators and Agents

Exchange staff is examining and developing conflict of interest and training guidelines and will seek input from the subcommittee members as the standards and guidelines are finalized.

Compensation of Agents, Navigators, and In-Person Assisters

Chip Atkins provided an overview of agent compensation in the individual market to subcommittee members. Agent compensation varies by insurance carrier with compensation based on a percentage by premium. The commission level decreases from the first year to subsequent years with a common compensation range of 10-12 percent for the first year commission and a range of five to seven percent for subsequent years. Commissions are paid monthly. Agents are not compensated on the amount of the “rate up” of policies that are made due to a medical condition. The compensation arrangement is defined in a written agreement between agents and carriers.

Jim Lawless provided an overview of agent compensation in the small group market to subcommittee members. Agent compensation in the small group market does vary by agent. There are different tier levels, but within tiers there is no difference between agents. Most carriers pay on a capitated commission basis per member, but some pay on a percentage basis. Like the individual side, if the client does not pay, then the agent doesn’t get paid. Tier levels are determined by the size of the group or number of lives covered.

Members discussed issues related to the inclusion of agent commission in the calculation of the minimum loss ratio (MLR). Members also discussed agent compensation within the Exchange. In response to a question, Bill Nold stated that the Exchange does not want to disrupt the market and insurers should continue to be obligated to pay the agent commission. Members also discussed the distinctions between methods of compensation for agents, Navigators, and In-Person Assisters, and what method of compensation is permitted and appropriate. The subcommittee will continue discussion of the issue at its future meetings.

Other Business
The next meeting of the subcommittee is scheduled for 1:30 p.m. on Thursday, November 8, 2012, at the Office of the Kentucky Health Benefit Exchange.

Adjournment
The meeting was adjourned at 3:00 p.m.